GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:6266
ANSWERED ON:05.05.2000
BANK LOANS ON FAKE DOCUMENTS
RAMDAS ATHAWALE

Will the Minister of FINANCE be pleased to state:

(a) whether attention of the Government has been drawn to the news-item appearing in the Delhi edition `Navbharat Times` dated January 25, 2000 captioned `Farzi Kaagzaaton Ke Aadhaar Par Rin Dene Ke aarop mein Bank ke char adhikarion ke khilaf Mukaddama Darj`;

(b) if so, the facts of the matter reported therein;

(c) whether some other similar cases have also been detected during the last three years;

(d) if so, the bank-wise details thereof;

(e) the number of cases in which the inquiry has been conducted/completed;

(f) the facts came out from such inquiries and the action taken by the Government in this regard; and

(g) the directives being issued or proposed to be issued by the Union Government to the Bank Officers to be vigilant in such cases?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a):- Yes, Sir.

(b):- Reserve Bank of India (RBI) has reported that a current account in the name of M/s. USR Exports was opened in April 1994 at the Barakhamba Road, New Delhi Branch of Vijaya Bank on the introduction of its proprietor in his individual capacity and was allowed credit limits of Rs. 50 lakhs in March 1997 and subsequently additional limit of Rs.70 lakhs was sanctioned in May 1997 by the Assistant General Manager under his delegated powers. These limits were sanctioned against collateral security of landed property belonging to a third party who was also a guarantor for the credit facilities. During the spot inspection conducted in August 1998 it was found that the property did not exist at the location mentioned in the document. On verification it was confirmed that the guarantor had no title over the property and the documents were forged/ fake. The preliminary investigation conducted by the bank brought out serious irregularities on the part of branch officials in sanctioning the credit facilities. The matter was reported to the Central Bureau of Investigation (CBI) who have registered a Regular Case.

(c) & (d):- The details of such cases involving amounts of Rupees one crore and above reported by public sector banks to RBI during the last three years is at Annexure.

(e), (f) & (g):- All such cases of frauds are reported by the banks to CBI/ local Police for investigation. Banks have their own internal guidelines to ensure prevention of fraud of the above nature. RBI as a part of its supervisory responsibility brings to the attention of the banks the modus operandi of the frauds perpetrated against banks highlighting deficiencies in the system and control that facilitates perpetration of frauds and issues guidelines to banks from time to time to be vigilant against such cases.

Annexure

S.No. Name of the bank 1997 1998 1999

No. Amount No. Amount No. Amount

1. State Bank of India 01 2.47 02 4.07 0 00

2. State Bank of Indore 01 1.85 0 00 0 00

3. Andhra Bank 0 00 01 1.76 0 00

4. Bank of Baroda 0 00 01 11.72 0 00

5. Bank of India 0 00 0 00 02 4.85
6. Canara Bank 0 00 02 120.22 01 2.00

7 Indian Bank 0 00 0 00 01 5.67

8. Indian Overseas Bank 0 00 0 00 01 5.42

9. Punjab National Bank 0 00 02 6.19 0 00
10. Punjab & Sind Bank 0 00 0 00 01 8.55
11. Union Bank of India 0 00 02 3.58 0 00
12. Vijaya Bank 0 00 01 1.19 0 00

Total 02 4.32 11 148.73 06 26.49

(Data Provisional)